United Nations A/70/323*

General Assembly

Distr.: General
14 August 2015

Original: English

Seventieth session
Item 134 of the provisional agenda**
Proposed programme budget for the biennium 2016-2017

Framework for a global service delivery model of the United Nations Secretariat

Report of the Secretary-General

Summary

The present report is submitted in accordance with General Assembly resolution 67/246. Advances in modern information and communications technology (ICT) and recent transformative initiatives provide the opportunity to rethink the elaborate administrative support structure that has evolved in the Organization over the last decades. Administrative support can become leaner and more effective to better serve the current and evolving needs of the Secretariat.

In line with the Secretary-General's goal of creating a truly global Secretariat, the global service delivery model envisions a Secretariat that is better able to deliver on its mandates, supported by administrative services that provide what is needed, when needed and where needed.

The enterprise-wide approach will deliver high-quality, timely and standardized administrative services across the global Secretariat under one common set of Financial and Staff Regulations and Rules of the United Nations. Administrative support functions will be organized to put client needs, operational imperatives and results first, while also ensuring appropriate control, oversight and cost-effectiveness. Modular solutions will accommodate diverse business needs and the complexities of different operating environments at Headquarters and in the field.

The global service delivery model will leverage the potential of other transformative initiatives, including Umoja, the global field support strategy, the International Public Sector Accounting Standards (IPSAS), the ICT strategy and human resources reforms. Further, it will draw on lessons and experiences of shared services arrangements already in use in the United Nations Secretariat and the larger United Nations system.

* Reissued for technical reasons on 29 September 2015.
** A/70/150.

15-13830* (E) 290915

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The Secretary-General proposes to develop the global service delivery model in a phased approach. The present report provides a framework for the model that includes a vision and guiding principles, expected benefits and a preliminary scope, as well as an implementation road map. It is presented in full recognition of the unique structures of the United Nations that have evolved under the direction of Member States, the universal nature of the Organization, its complex operating environments, institutional history and the knowledge that has been accumulated by its staff.

Subject to Member State approval of the global service delivery model framework, the Secretary-General will present a detailed proposal for administrative support services, including a business case and location options, for the consideration of the General Assembly at its seventy-first session. The Assembly is requested, in the meantime, to authorize resources to establish a small temporary project team and secure expert consultancy to develop the proposal in full.

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I. Introduction: the need for change

1. In presenting his Five-year Action Agenda to the General Assembly on 25 January 2012, the Secretary-General highlighted the need to strengthen the United Nations to ensure more effective delivery of mandates and do more within recognized resource constraints. A major contribution towards this effort is the introduction of a new model for the delivery of administrative support services that provides high-quality service across the global Secretariat in a consistent and efficient manner.

2. Since the inception of the United Nations Secretariat in 1945, the administrative structures of the Organization have grown into a complex structure of some 98 stand-alone entities at more than hundreds of sites that serve individual duty stations or specific departments and offices. Administrative practices vary significantly among entities and operating environments, as does performance and client satisfaction with timeliness and quality of service.

3. Overall, the elaborate structure of administrative backstopping arrangements constitutes a significant cost and can become leaner, more effective and cost-efficient. Throughout his tenure, the Secretary-General has called for prudent resource management and has committed the Organization to a strict budget discipline. In this respect, administrative costs in the regular budget have recurrently been reduced in favour of the programmatic work of the Organization over the last three bienniums, by 2 per cent in 2010-2011, 3 per cent in 2012-2013 and 5 per cent in 2014-2015, with a further reduction of 3.6 per cent in the proposed budget for 2016-2017.

4. To establish a sustainable approach to administrative service delivery that is suitable for current and evolving operational needs of the Secretariat, the Organization must shift to a new service delivery model. Such a model should leverage the expertise available across the global Secretariat and the potential of all recent transformative initiatives, particularly Umoja, the enterprise resource planning (ERP) system, combining prudent stewardship of resources with results orientation and a renewed focus on quality and timeliness of service delivery.

5. The Secretary-General proposes a phased approach to the development of a global service delivery model. The present report provides a rationale and framework for the model for the Secretariat. The framework includes a vision and guiding principles, expected benefits, preliminary scope and assessment methodology, as well as an implementation road map. It is presented in full recognition of the unique structures of the United Nations that have evolved under the direction of Member States, the universal nature of the Organization, its complex operating environments, 70 years of institutional history and the knowledge that has been accumulated by its staff. This approach is in line with the recommendation of the Advisory Committee on Administrative and Budgetary Questions "to develop an organization-wide service delivery model that ensures synergies and sharing of infrastructure to the extent possible, while taking into account the specific requirements of different parts of the Organization, including peacekeeping" (A/69/860, para. 83).

6. Subject to Member State approval of the global service delivery model framework, the Secretary-General will present a detailed proposal for administrative support services, including a business case and location options, for the consideration of the General Assembly at its seventy-first session. The Assembly is

requested, in the meantime, to authorize resources to establish a small project team and secure expert consultancy to develop the proposal in full (see sect. VII).

7. In parallel, work on an improved way of delivering logistics and supply chain management services is under way. Recently, the General Assembly authorized resources for the development of a supply chain management programme to support field missions. This programme is aimed at maximizing existing resources, delivering value for money and improving responsiveness in mandate implementation. Umoja Extension 2 is being designed as a key enabler of this new approach and this work will be an integral part of the global service delivery model.

8. Extensive consultations among stakeholders from across the Secretariat have informed the development of the global service delivery model framework. A Global Service Delivery Model Working Group, comprising working-level Umoja process owner representatives from the Department of Management and the Department of Field Support of the Secretariat as well as from the Umoja team, met regularly to prepare proposals for the consideration of the senior leadership of the Organization. Several workshops were held with administrative experts from United Nations Headquarters/Offices away from Headquarters and regional commissions. The Senior Planning Group, chaired by the Under-Secretary-General for Management and comprising 17 Secretariat entities, served as the forum for senior-level consultations and brought together the perspectives of service providers and clients. The model was also the subject of several discussions in the Management Committee. The proposal for the global service delivery model framework was discussed with staff representatives, including through a special ad hoc meeting of the Staff-Management Committee.

II. Critical transformational initiatives

9. The development of the global service delivery model has become possible with the implementation of various transformative initiatives that the Secretariat has undertaken in recent years:

(a) **Umoja**, the enterprise resource planning system, enables integrated and streamlined management of financial, human and physical resources for the entire Secretariat. A single source of information that can be accessed from any location provides direct access to reliable, real-time data and replaces many legacy information and communications technology (ICT) systems. The introduction of standardized automated solutions ensures improved coherence and consistency across the Organization in the delivery of administrative support services, while also being responsive to different clients' needs. The transformation and simplification of business processes as well as greater automation and a rigorous segregation of duties is leading to a new way of working. Umoja enhances accountability, transparency and internal controls, and supports results-based management by providing decision makers with the ability to better monitor, manage and report on resources used by programmes and operations;

(b) **The global field support strategy** has strengthened support to peace operations and provides more effective and efficient services throughout the mission life cycle. The shared services pillar of the strategy built on the recognition of the need for greater specialization at each level (global, regional and local) to allow for

greater concentration of expertise and consistency of services while also realizing economies of scale;

(c) **The information and communications technology strategy** will provide enterprise-wide ICT solutions at the global level and harmonize services across established regions while ensuring that day-to-day operations are effective and timely. The standardization of applications and services overcomes fragmentation, and a stronger focus on business intelligence and analytics will facilitate more strategic decision-making. Fundamentally, the ICT strategy provides an enabling landscape for both Umoja and global service delivery;

(d) **The International Public Sector Accounting Standards** (IPSAS) have had an impact on a wide range of activities across the Organization and created the potential for improvements to efficiency, effectiveness and accountability in managing the Organization. More detailed data on costs, and more comprehensive and transparent IPSAS-compliant financial reporting, will compel improved stewardship of assets and liabilities and facilitate more informed strategic decisions regarding utilization of resources;

(e) **Human resources reforms** support a dynamic workforce that is highly skilled and able to adapt to the fast-moving, globalized and interconnected environment. Key components include the harmonization of the conditions of service, the introduction of the talent management tool, Inspira, and the roll-out of the mobility framework.

10. At its sixty-ninth session, the General Assembly emphasized the importance of the alignment between the current arrangements being deployed under the global field support strategy and the pending global service delivery model being presented to the General Assembly for its consideration (resolution 69/262, sect. IV, para. 8). The Assembly further requested the Secretary-General "to ensure that any initiatives related to field support and service delivery improvements take into account lessons learned and best practices from other Secretariat initiatives so as to maximize benefits and avoid possible duplication and overlap" (resolution 69/307, sect. V, para. 61). Proposals for the global service delivery model are aligned with these directions.

III. Building on experience

11. The global service delivery model will build on the organizational history that has evolved over 70 years, and will leverage the infrastructure and resources that were committed in the past. Moreover, it will draw on experience and lessons learned from shared services arrangements already in use at different Secretariat entities:

(a) **United Nations Headquarters** provides some services centrally for the entire Secretariat. For example, the Office of Information and Communications Technology hosts global service desks, management, collaboration and security tools, and the Office of Human Resources Management administers the Young Professional Programme for the entire Organization;

(b) **Offices away from Headquarters** have for many years successfully provided services to other entities co-located at their respective duty stations and, in some cases, further afield:

- Historically, the United Nations Office at Geneva has served as a local and a regional support hub, providing fully integrated administrative and support services to more than 30 United Nations system entities in Geneva, Bonn and Turin, as well as more than 126 field offices in some 83 countries

- The United Nations Office at Nairobi services co-located the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat), including their presences in approximately 60 different locations, and delivers shared administrative services to over 50 offices of the United Nations system located in Kenya

- The United Nations Office at Vienna provides human resources management and financial services for Vienna-based United Nations Secretariat entities and the United Nations Office on Drugs and Crime (UNODC), including its field offices in over 60 countries, and for the Turin-based United Nations Interregional Crime and Justice Research Institute (UNICRI)

(c) Some **regional commissions**, for example the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic Commission for Africa (ECA) and the Economic and Social Commission for Western Asia (ESCWA), render administrative services to United Nations Secretariat entities at the same duty station, including offices outposted from other entities, as well as to its field offices in the region;

(d) **Field missions**. As part of the implementation of the five-year global field support strategy, the Department of Field Support has delivered shared services from its Regional Service Centre in Entebbe, Uganda, and from the Global Service Centre, which provides global logistics support and ICT services to all United Nations field missions. Currently, 70 per cent of the Secretariat's field staff is supported through some form of administrative shared services from the regional and global service centres or the Kuwait Joint Support Office. The results achieved from this experience have been welcomed by the General Assembly (see resolution 69/307), and the lessons learned during the implementation of the global field support strategy shared services will feed into the development of the global service delivery model (see also annex I). As of July 2015, the strategy has been mainstreamed into the work of the Department of Field Support. Ongoing work to develop a new supply chain management approach is being piloted for field missions and will be integrated within the overall global service delivery model and will inform the design of Umoja Extension 2;

(e) Under the five-year **ICT strategy**, the Office of Information and Communications Technology will set the strategic direction, establish governance mechanisms, exercise oversight and, in collaboration with United Nations offices and departments, formulate policy and technology standards and architecture. Regional technology centres in Geneva, Nairobi, Bangkok and New York will coordinate regional ICT services and institute governance. These regions are complementary to the regional hubs of the Department of Field Support. Enterprise service desks in Bangkok, Nairobi, New York, the Global Service Centre (Brindisi) and Geneva will provide global around-the-clock help-desk services for critical applications. Enterprise applications centres will concentrate application development in three key centres (Bangkok, Vienna and New York), as well as through virtual hubs to ensure the harmonization of the application and website landscape.

12. **Subsidiary support arrangements**. On a cost-recovery basis, the Secretariat also receives services from United Nations system entities (such as the United Nations Development Programme (UNDP)) administering staff posted in small or remote duty stations. On occasion, there is also a combination of service providers from within and outside the Secretariat for a given entity. The Office of the United Nations High Commissioner for Human Rights (OHCHR), for example, receives services for its headquarters and 76 field presences from the United Nations Office at Geneva, UNDP and regional commissions, as well as from peace operations that have a human rights component.

13. **United Nations system**. In recent years, several United Nations funds and programmes and specialized agencies have made concerted efforts to consolidate their respective back-office operations and/or move to shared services arrangements.[1] The present report takes into account the periodic information-sharing on global service centres among United Nations entities, facilitated by the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination (CEB) (see CEB/2014/3, sect. VII). In conjunction with the CEB secretariat, the United Nations Secretariat issued a comprehensive questionnaire in the spring of 2015 to map the administrative arrangements of United Nations system entities and collect lessons from their experience. Key findings of the survey are summarized in annex V (see also annex VI).

14. **Quadrennial comprehensive policy review**. The Secretariat has also taken note of the ongoing discussions held in the context of the quadrennial comprehensive policy review on further pursuing "higher-quality, more effective and cost-efficient support services in all programme countries" (resolution 67/226, para. 152). As discussions on both the quadrennial comprehensive policy review and the global service delivery model continue, the request made by the General Assembly will be taken into account, as feasible, to "accelerate progress in deepening coordination between Secretariat entities and members of the United Nations development system, inter alia, through the simplification and harmonization of programming instruments and processes and business practices, with a view to providing effective, efficient and responsive support to national efforts in countries in transition from relief to development" (resolution 67/226, para. 107). The request was reaffirmed by the Economic and Social Council (resolution 2014/14, para. 29).

15. The Secretariat is also guided by pertinent recommendations from oversight bodies on different transformative initiatives. Key findings are contained in annex II.

IV. Vision, expected benefits and guiding principles

16. The global service delivery model envisions a Secretariat that is better able to deliver on its mandates, supported by administrative services that provide what is needed, when needed and where needed.

[1] In 2009, the Joint Inspection Unit undertook a study on the issue (A/65/63); see also the comments of the United Nations System Chief Executives Board for Coordination on the report (A/65/63/Add.1).

17. The enterprise-wide approach will deliver high-quality, timely and standardized administrative services across the global Secretariat under one common set of Financial and Staff Regulations and Rules of the United Nations. Administrative support functions will be organized to put client needs, operational imperatives and results first, while also ensuring appropriate control, oversight and cost-effectiveness. Modular solutions will accommodate diverse business needs and the complexities of different operating environments at Headquarters and in the field.

18. The model will strive for:

(a) Excellence of service (quality/timeliness/cost-effectiveness);

(b) Client orientation and responsiveness to business needs;

(c) Adaptability, flexibility and scalability;

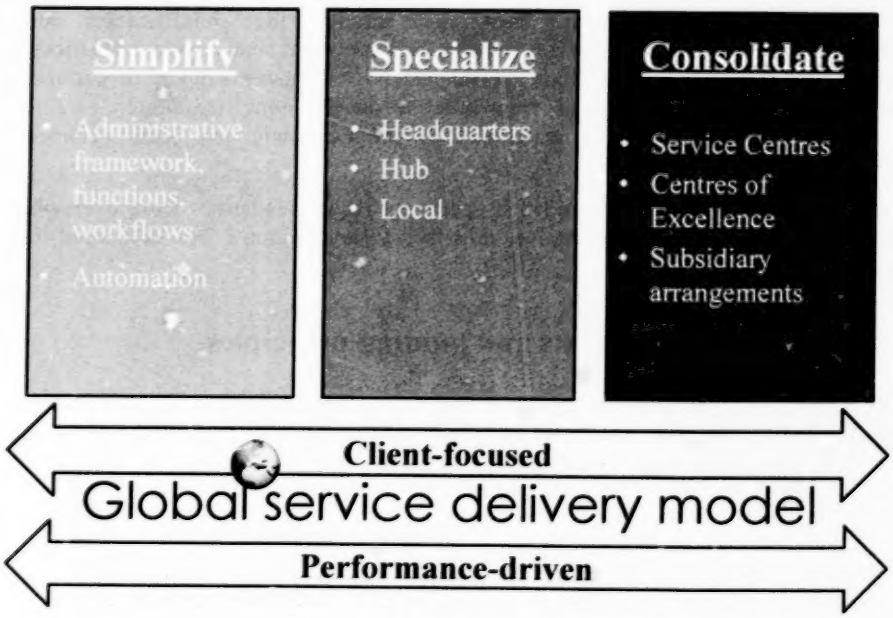
(d) Effective organizational performance management;

(e) Adding value in a simplified and consolidated administrative support structure.

Simplification, specialization and consolidation

19. While Umoja standardized and automated business processes, the global service delivery model will consolidate fragmented administrative structures within and across duty stations, as appropriate. A client-focused and performance-driven delivery model will: (a) simplify the administrative framework, functions and workflows; (b) specialize administrative responsibilities under distinct roles; and (c) consolidate administrative capacity across the Secretariat (see figure I).

Figure I
Global service delivery model benefits



20. **Simplification**. The multilayered administrative structures of the Secretariat, including key administrative policies, procedures and delegations of authority, will be reviewed in order to reduce unnecessary complexity and make it more agile and responsive to operational needs. Oversight and accountability mechanisms will be strengthened. In addition to the process re-engineering undertaken in the context of Umoja, administrative processes, including those outside the ERP system, will be further reviewed with a view to abolishing redundant and non-value-adding process steps. Consideration will also be given as to whether and how necessary tasks can be simplified and ICT can be leveraged.

21. **Specialization**. Furthermore, the global service delivery model will realign the Organization's administrative architecture to better distinguish strategic from operational activities and strategic oversight from administrative service delivery. It will clarify roles and responsibilities and establish the required authority of each entity. Specialization at each level of the Organization will allow for greater concentration of expertise and consistency of administrative services, with different entities contributing as part of one consolidated enterprise model. For administrative functions, a clearer division of labour and a reprofiling of functions is foreseen on the basis of the following overarching delineation of responsibilities (see figure II):

(a) **Headquarters functions** will be provision of strategic direction, formulation of policy, oversight and leadership on stakeholder engagement;

(b) **Hub functions** will be the consolidated delivery of location-independent[2] processes at the global, regional or single-site level;

(c) **Local office functions** will be the performance of location-dependent, non-transferable processes.

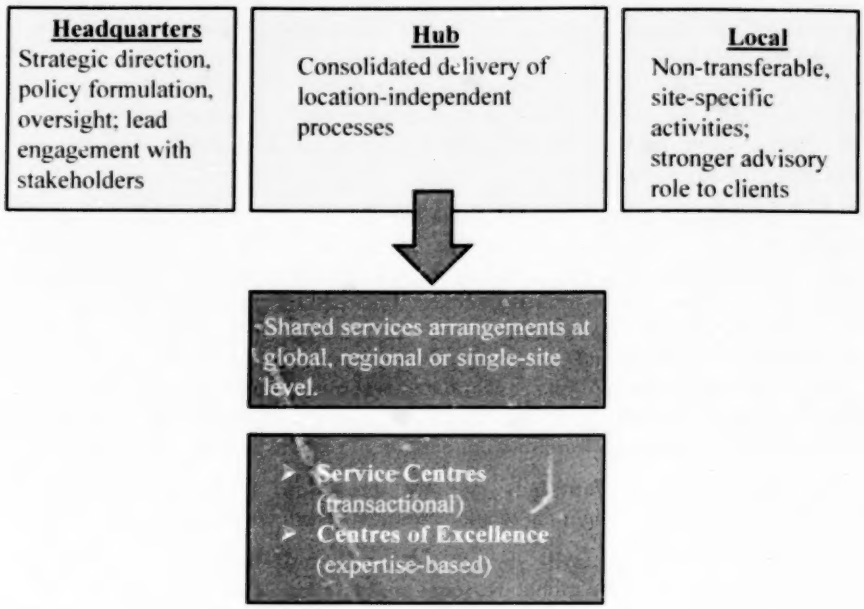
22. Client entities that in some locations are currently performing administrative support functions will relinquish most transactional administrative responsibilities and focus on their core mandates. They will, however, retain their strategic responsibilities related to administrative issues, such as the preparation of budgets, the coordination of audits, staff selection and other departmental management questions.

23. **Consolidation** For location-independent hub functions, and depending on client needs and the type of administrative function, different shared services arrangements will be explored, taking into account their comparative costs and benefits, for example:

- Transactional administrative services will be delivered through service centres that can be established in global, regional and on-site locations.
- Expertise-based administrative services will be provided by centres of excellence that offer highly specialized guidance and knowledge.

[2] Location-independence describes processes that are either performed locally but have the potential to be partially or fully consolidated, simplified or automated in a shared service environment; or processes that are led by United Nations Headquarters/Offices away from Headquarters but can be performed in other locations.

Figure II
Delineation of responsibilities


Headquarters
Strategic direction, policy formulation, oversight; lead engagement with stakeholders
Hub
Consolidated delivery of location-independent processes
Local
Non-transferable, site-specific activities; stronger advisory role to clients
Shared services arrangements at global, regional or single-site level.
Service Centres (transactional)
Centres of Excellence (expertise-based)

24. Subsidiary service arrangements (such as service delivery by UNDP or other United Nations system partners) will be reviewed in order to ensure a streamlined approach that retains the necessary flexibility to meet different operational requirements. Client services currently rendered by partners external to the Secretariat will be assessed to determine if a transition into the global service delivery model would equally or better meet business needs and generate efficiencies.

Expected benefits

25. The establishment of shared service environments is an established means to enhance service quality and improve operational efficiency. Qualitative benefits and better resource utilization go hand in hand. The global service delivery model will bring about the following benefits:

(a) High-quality service that is timely and consistent and responds to business needs;

(b) Greater consistency in the application of regulations under a streamlined and simplified policy framework;

(c) Increased transparency and accountability through the standardization of processes and better oversight;

(d) Creation of efficiencies and economies of scale;

(e) Redirection of resources to new functions and programmatic work;

(f) Light footprint in hardship and hazardous locations for improved staff safety and welfare.

26. The same guiding principles and expected benefits will also inform the further development of supply chain management and logistics components of the global service delivery model.

V. Preliminary scope and delivery modalities

Preliminary scope

27. As part of the process of assessing the specific operating environment of the United Nations Secretariat, a six-part methodology is being applied. It is used to determine which administrative processes hold potential for consolidation under shared services arrangements and to develop design options for the global service delivery model. The methodology comprises the following elements:

- Part 1: Administrative business processes are assessed for their location dependence and are preliminarily categorized as "headquarters", "hub" or "local" processes. "Hub" processes are deemed to have the potential for migration to a shared service environment.
- Part 2: The business impact and level of difficulty of moving each "hub" process to a shared service environment is evaluated.
- Part 3: Processes whose migration is found to have low or medium business challenge and implementation difficulty are mapped to corresponding organizational structures in the Secretariat. This mapping identifies where functional roles are currently located in the Organization and quantifies the workload expended for each process with "hub" potential.
- Part 4: A location assessment is conducted to determine potential sites for consolidated functions taking into account qualitative and cost-benefit considerations.
- Part 5: Based on the prior findings and a proposed service delivery design, a business case is developed, identifying potential costs and benefits of implementing the global service delivery model.
- Part 6: A risk framework is formulated to assess potential risks and, based on likelihood of occurrence and level of impact, articulate a risk mitigation strategy.

28. A preliminary analysis of 347 administrative processes (including Umoja processes and others that are being delivered outside the ERP system) has been undertaken under the leadership of Umoja process owners. A further validation exercise took into account the experience of the roll-out of Umoja in clusters 1 and 2, and cluster 3 in June 2015. A preliminary finding was that 142 processes had potential for consideration under a shared services approach (see annex III for an overview of the initial findings). These will also continue to be assessed in existing shared services locations already using Umoja, such as the Regional Service Centre in Entebbe, and used as an opportunity to further adapt Umoja for a shared service setting. It should be noted that this assessment is an interim step in the full application of the methodology; additional in-depth analysis will follow as Umoja continues to be deployed and has further stabilized. Only options that are identified

as operationally feasible and beneficial to the Organization will be considered as part of the detailed business case to be presented to the General Assembly at its seventy-first session.

A more holistic approach to service provision

29. A critical paradigm shift that will underpin the global service delivery model is the transition to a more holistic, end-to-end delivery of services. Rather than handling human resources, finance or central support processes separately, a shared service environment manages related administrative activities jointly across different parts of the Organization in order to achieve better results and create synergies.

30. A range of modalities for end-to-end service delivery will be developed that can be tailored to different client profiles and operating environments. In the design of these modalities for administrative services, several factors will be considered, including: (a) client needs, the number of clients to be supported, the required service delivery times, and the interface through which clients initiate a process and engage with a service provider; (b) the complexity of services and the level of effort and knowledge required to complete related tasks; (c) the volume of transactions, including possible fluctuations in workload over time; (d) the organizational expertise needed for delivery, including existing knowledge and workforce skills; and (e) the risks of disruption of or delays to mandate delivery.

31. The next phase of the global service delivery model development will entail further analysis of the above factors, how they relate to one another, and what cost versus benefit they may yield. Different delivery modalities, including a combination or even a mixture thereof, will facilitate the most effective delivery approach for an administrative service in a particular location or for a specific client. These include the following:

(a) **Functional clusters** consolidate location-independent processes and comprehensive delivery by one entity. This approach can be taken within a site, a hub or globally and will replace a fragmented structure with multiple contributing entities. Different functional clusters can be co-located. Within the area of payroll, for example, several related transactional processes can be consolidated and handled location-independent to create synergies and benefit from efficiency gains;

(b) **Service lines** integrate processes that span different administrative areas. The service line "on-boarding of new staff", currently used in the Regional Service Centre in Entebbe, for example, comprises reference checking, offer management, contract issuance, travel arrangements, induction, check-in and related financial transactions. It thus combines human resources, finance and central support functions across organizational lines in one arrangement with a focus on delivering a product or service for clients;

(c) **Customized client portfolios** provide a one-stop shop under a unified structure that assists a particular client or group of clients in all of its administrative support needs. Such portfolios can cover specific groups of personnel, such as United Nations Volunteers or uniformed personnel, or whole entities.

32. The examples given below illustrate how certain administrative functions could evolve under the global service delivery model after the stabilization and full implementation of Umoja. These are merely illustrative and will be further analysed in the preparation of the model's business case:

(a) **Human resources administration**. The consolidation of human resources transactions could take place in different forms. Regional hubs could be established in different time zones for processing human resources transactions. Another option could be to cluster client departments and offices with similar operational conditions and requirements in two hubs: one field-based hub, integrating administration of departments with significant field operations: and another non-field-based hub, combining human resources administration activities for Offices away from Headquarters, regional centres and New York Headquarters departments. The two options could also be combined;

(b) **Consolidation of multiple payrolls**. Payroll services could be consolidated into a regional hub structure that spans all payrolls, including those of field missions. If such an option were to be implemented, it should be aligned with the arrangements for entitlements administration to take into account the high level of interaction and interdependencies with the work of human resources partners. Further considerations that would need to be reflected in the hub design include location of staff; language requirements for servicing local staff; and type and numbers of personnel, contracts and entitlements;

(c) **Service centres**. Drawing on the experiences gained with the implementation of Umoja and existing shared services arrangements, administrative and transactional services could be consolidated into service centres.

Design principles

33. In developing proposals for service delivery arrangements that effectively respond to identified administrative support requirements of the Secretariat, the Organization will be guided by a number of overarching design principles, including but not limited to the following:

(a) Create a seamless customer experience and ensure client involvement in design and implementation;

(b) Design simple and efficient end-to-end solutions;

(c) Consider cross-functional dependencies in designing service delivery modalities and in scoping service catalogues;

(d) Design an adaptable, flexible and scalable shared service environment;

(e) Build in quality control and improvement mechanisms against key performance indicators;

(f) Leverage economies of scale and eliminate duplicate activities across entities;

(g) Ensure business continuity by creating necessary redundancies;

(h) Establish appropriate delegation of authority with clear roles and responsibilities and accountability;

(i) Reduce/control operating costs for administrative services.

Client relationship management

34. In the formulation of the detailed global service delivery model proposal, service providers and client representatives will collaborate closely to ensure that

the common and unique needs of different clients and client groups are properly mapped and duly addressed while maintaining a required level of standardization and consistency of support.

35. The consolidation of administrative service capacity must go hand in hand with strong performance management and quality control. Client needs must be clearly articulated so that the global service delivery model can be designed to effectively respond to the respective business requirements. In line with international good practice and experiences of the global field support strategy, the global service delivery model will include robust performance and accountability mechanisms, such as:

(a) **Service-level agreements** will be formulated in consultation with stakeholders before going live with the global service delivery model to identify the administrative support services to be rendered to clients. (Service-level agreements will include agreed turnaround times, quality standards, requirements to be met by client entities and escalation procedures);

(b) **Key performance indicators** will be established to monitor and measure performance and strengthen resource stewardship and accountability. (Key performance indicators will include productivity and capacity indicators, volumes processed and required staffing);

(c) **Scorecards** containing key performance data will facilitate systematic performance monitoring and reporting to clients, service providers and accountability and oversight mechanisms. They will track the achievement of defined objectives and benchmarks, including resource utilization, cost-effectiveness, quality and timeliness of service delivery;

(d) **Continuous improvement mechanisms** will be built into the global service delivery model to periodically review policies and procedures, lessons learned and good practices, in keeping with the concept of an incrementally maturing model based on client needs.

36. By relieving client entities of transactional administrative functions, their capacity can be refocused on core business activities. Quality and timeliness of service and a strong focus on active and collaborative client relationship management, are critical to generate and sustain support for the global service delivery model. Strong client relationship management will be facilitated through the following components:

(a) **Help desks** respond to client inquiries about specific service requests and resolve issues related to service delivery;

(b) **Escalation mechanisms** are built into the service delivery framework to ensure that problems are resolved in an expeditious manner and are referred to senior decision makers, as necessary;

(c) **Feedback mechanisms**, such as client surveys, are launched periodically to gauge client views, assess performance and gather input to inform decision-making about the operational arrangement and resourcing of shared services arrangements, as well as the scope of continuous improvement initiatives;

(d) **Client boards** bring together clients and service providers at the operational level periodically to discuss matters related to service delivery and client relationships.

37. Governance arrangements will be designed in a way that ensures that client entities are an active partner in the decision-making process related to service delivery and are closely involved in the monitoring of organizational performance.

Financing arrangements and budget

38. Currently, the Secretariat employs different approaches to funding shared services, either by way of: (a) an independent assessed budget; (b) resources contributed by participating entities; (c) jointly financed arrangements; or (d) on a cost-recovery basis. Each of these modalities will be assessed with respect to its operational effectiveness, transparency of resource requirements, in particular towards Member States, accountability, scalability and ease of implementation with regard to Umoja and other information technology systems.

39. Under the global service delivery model, the Secretariat will propose a solid and predictable funding arrangement for approval by the General Assembly. Long-term stable core staffing must be in place to ensure that services can be delivered according to the service-level agreements. Moreover, in order to respond to fluctuations in workload, arrangements must be scalable in a business-appropriate time frame. Various modalities will be analysed to accommodate different funding sources from the regular budget, the peacekeeping mission budgets, the support account and extrabudgetary funding. Depending on the location-specific situations, variations could be considered to align to the respective service delivery modalities.

40. The General Assembly decided to give the Regional Service Centre in Entebbe operational and managerial independence and requested the Secretary-General to: (a) submit a budget proposal for the Centre for the period from 1 July 2016 to 30 June 2017, to be charged against the missions that the Centre supports; and (b) develop scalability models to inform the resource requirements for the support account for peacekeeping operations, the United Nations Logistics Base at Brindisi, Italy, and the Regional Service Centre in Entebbe (resolution 69/307, paras. 62 and 63). The proposed scalability models will be taken into account when the detailed global service delivery model proposal is formulated.

VI. Road map

41. Subject to the endorsement by the General Assembly of the framework for a global service delivery model outlined in the present report, the Secretariat will develop a detailed proposal for the model for submission at the seventy-first session.

42. Pursuant to the guidance received from the General Assembly, the advantages and disadvantages of relocating administrative functions to a shared service environment will be carefully analysed, including through a cost-benefit analysis that will estimate the projected initial investment, recurring costs, risk and mitigation factors, business continuity (resilience) as well as information on the expected qualitative improvements and greater efficiency and effectiveness of service delivery and cost savings, with baseline information and benchmarks for measuring progress. Furthermore, lessons learned and best practices will be included.

Risk management

43. As part of the enterprise risk management approach of the Secretariat, the global service delivery model has been included in the organizational risk profile under the category "Organizational transformation". A draft risk treatment and response plan assesses five key transformational initiatives (Umoja, IPSAS, the ICT strategy, human resources reforms and the global service delivery model) and their interdependencies. It identifies key risk drivers and proposes mitigating measures at the enterprise level.

44. A comprehensive global service delivery model risk assessment and management plan will be developed as part of the detailed proposal for the model. Understanding and setting appropriate risk tolerance for different clients and operational contexts will be an important aspect of a global but differentiated global service delivery model, particularly in a dynamic field environment. This will ensure accountability for both mandate delivery and compliance with all applicable rules and regulations.

Location assessment

45. Options for the future administrative services footprint of the Organization, and in particular its geographic locations, will be included in the detailed proposal to be presented to the General Assembly at its seventy-first session. They will build on the history of the United Nations administrative set-up and leverage the expertise of United Nations staff and investments already made in current duty stations, including shared service structures and arrangements established for field missions under the global field support strategy. A review of the comparative advantage of existing duty stations, as well as an assessment of the cost, capacities, efficiencies and other criteria that one or more new locations could provide for the establishment of service centres or centres of excellence, will be included in the cost-benefit analysis of potential location options. A transfer of functions to a new duty station will not be considered unless a clear benefit has been demonstrated in the business case.

46. The evaluation of possible locations for administrative services will include two components: (a) a financial cost-benefit analysis, and (b) a qualitative assessment. Drawing on the criteria used by the Department of Field Support for the selection of an additional site for a second regional service centre (see A/69/651, sect. VI.D, para. 35), the following minimum location criteria will be applied:

(a) Security and stability;

(b) A family duty station;

(c) Health, education and access issues, including reliable medical facilities, educational facilities and a nearby international airport;

(d) Infrastructure, including reliable, modern ICT;

(e) Capacity to expand the location quickly to accommodate staff without significant new infrastructure investment by the United Nations;

(f) Availability of a qualified local workforce with the requisite skills profile;

(g) Strong host government relations to ensure recognition of United Nations privileges and immunities and access to visas for United Nations staff, including their spouses and dependants.

Governance and project management

47. In keeping with international good practices and the guidance received from oversight bodies on other transformational initiatives, a robust governance and project management framework will be established to develop and accompany the implementation of the global service delivery model. Elements will include:

(a) A detailed business case, articulating the benefits, costs, scope and proposed approach;

(b) Clearly defined project management roles, governance arrangements and accountability;

(c) A strong change management component;

(d) Regular engagement with oversight and audit bodies;

(e) Timely project reporting arrangements to support the decision process;

(f) Effective integrated assurance over the whole life of the project.

48. Specifically, it is proposed that, subject to the endorsement of the present framework by the General Assembly, the following governance and project management arrangement be established for the development and implementation of the global service delivery model (see also annex IV):

(a) The Under-Secretary-General for Management will serve as project owner;

(b) A Steering Committee (chaired by the Under-Secretary-General of the Department of Management, with the Under-Secretary-General of the Department of Field Support as Vice-Chair), comprising senior representation from the client department and offices, Umoja process owners, field missions and service providers from a cross-section of duty stations, will provide guidance and project oversight;

(c) A small dedicated global service delivery model project team will be established on a temporary basis to lead the development of the model's business case and the organizational redesign proposals, supported by some specialized consultancy capacity with expertise in shared services arrangements, service delivery models and change management;

(d) A working group, chaired by the global service delivery model project team leader and comprising representatives from client departments and offices, process owners, field missions and service providers from a cross section of duty stations, will collaborate with the dedicated project team in the preparation of the business case.

Change management and transition planning

49. The global service delivery model proposal will be accompanied by a strong change management component that provides a structured approach to moving the United Nations Secretariat from its post-Umoja administrative state to the desired future state. It will assess the Organization's readiness for the related organizational transformation, while ensuring coherence with other reform initiatives. Further, a

management and communication strategy will be developed to facilitate the necessary organizational culture change, fostering in particular a stronger service orientation and greater focus on client needs. Key stakeholders will be identified that need to be engaged to ensure joint ownership and build enterprise-wide commitment to the global service delivery model.

50. The harmonization and consolidation of administrative backstopping capacities will affect staff to varying degrees, depending on their role within the Organization. Administrative capacity that was needed under the former operating model and is no longer required under the global service delivery model will be consolidated within and across duty stations and/or redirected to new functions and programmatic work. New roles for staff will emerge as additional data and information become available, which in turn will enable the Organization to manage information in a more strategic manner and to act upon data through business intelligence. Careful and long-term workforce planning is required to fully understand the impact and develop a support strategy to transition staff to new functions and assist them in acquiring skills that are relevant for future roles and responsibilities. Reprofiling of jobs and training of staff will be essential.

51. The Organization is committed to proceeding with the utmost consideration for staff and will engage in active dialogue with staff representatives as the development of the global service delivery model progresses.

Timeline

52. The timeline for the formulation of the global service delivery model seeks to balance various elements, including in particular:

(a) Umoja deployment schedule and stabilization period;

(b) In-depth analysis of the operating environment post-Umoja deployment to inform the development of a global service delivery model business case;

(c) Consensus-building among stakeholders;

(d) The United Nations budget cycle for the biennium 2018-2019 and the annual peacekeeping mission budgets.

53. The baseline for the administrative set-up in an Umoja-operating environment will be taken on 1 February 2016. Three months after the roll-out of cluster 4, the status quo at that time will provide a point of reference against which future proposals, including the business case, will be measured.

54. Based on the above global service delivery model framework, for which approval in principle is requested from the General Assembly, the Secretary-General will develop a detailed proposal, taking into account the views of Member States expressed at the seventieth session. A progress report on the global service delivery model will be submitted to the Assembly at its seventy-first session, including a detailed proposal with business case, cost estimates and location options for administrative services under the model. Changes necessitated by the new model will be included in the proposed programme budget for 2018-2019, the peacekeeping budget and the support account budget.

55. A schedule for the way forward includes the milestones set out in table 1 below.

Table 1

2015	*2016*	*2017*	*2018*	*2019*
Intergovernmental process				
Secretary-General's report with framework proposal (September)	Secretary-General's progress report with business case, cost estimates	Peacekeeping/support account budget 2017/18	Secretary-General's progress report	Secretary-General's progress report
		Proposed programme budget 2018-2019		
	Inclusion in budget outline			
(General Assembly decision)	(General Assembly decision)	(General Assembly decision)		
Implementation				
Umoja clusters 3+4	Umoja cluster 5	Umoja Extension 2		
Concept development	Process harmonization and simplification;			
	workload and workforce analysis		Physical consolidation at global, regional and local levels	
	Change management			

VII. Financial implications

56. To develop the detailed global service delivery model proposal, the Secretary-General requests additional temporary resources to establish a small project team and to engage consultancy capacity with expertise in shared services arrangements and supportive change management. The global service delivery model project team, assisted by the consultants, will support all activities related to the formulation of a detailed global service delivery model proposal. Key deliverables include, but are not limited to, the following: organizational redesign proposals; location options; cost-benefit analysis; organizational performance management tools; client relationship management mechanisms; costing model; risk mitigation strategy; workforce planning; change management, communication and transition planning; and organizational readiness assessment.

57. Under the overall direction of the project owner, the project team ensures close coordination with all key stakeholders, including though the Global Service Delivery Model Steering Committee and the Global Service Delivery Model Working Group, and is responsible for reporting to intergovernmental bodies and governance mechanisms.

58. It is proposed that the global service delivery model project team be composed of a Principal Officer at the D-1 level, one Senior Programme Officer at the P-5 level, two P-4 Management Officers and one Administrative Officer at the P-3 level and one General Service (Other level) staff member. While it is envisaged that the

posts of the P-4 Management Officers, the P-3 Administrative Officer and the General Service (Other level) staff member will be accommodated through redeployment, general temporary assistance for a 12-month period is requested to fund the D-1 post and the P-5 post for an initial period of one year.

Project management team ($662,600)

59. Estimated resources of $662,600 would be required for a small temporary project team to accompany the preparation of the detailed global service delivery model proposal for an initial period of one year in 2016, comprising one Principal Officer position to serve as Team Leader (D-1), and one Senior Programme Officer (P-5).

Expertise for business case preparation ($500,000)

60. An initial $500,000 for consultant fees is required for the in-depth analysis and development of the detailed global service delivery model proposal and business case, as indicated in table 2 below.

Table 2
Resource requirements
(Thousands of United States dollars)

Project activity	*Estimated requirements*
Planning and design services	500.0
Project supervision and management	662.6
Total	**1 162.6**

VIII. Action to be taken by the General Assembly

61. The General Assembly is requested:

(a) **To take note of the report of the Secretary-General and endorse the framework for a global service delivery model of the Secretariat as a basis for the preparation of a full business case;**

(b) **To request the Secretary-General to submit a detailed proposal with a business case to the Assembly at its seventy-first session;**

(c) **To approve the establishment of two temporary positions (1 D-1 and 1 P-5) in the Office of the Under-Secretary-General for Management with effect from 1 January 2016, initially for a period of one year;**

(d) **Also to approve an additional appropriation of $1,162,600 in the proposed programme budget for the biennium 2016-2017 under section 29A, Office of the Under-Secretary-General for Management, in respect of the project costs for the preparation of a business case, as set out in table 2 of the present report.**

Annex I

Lessons learned from the global field support strategy

Governance and project management

1. Establishing shared services is a long process that takes years to stabilize and yield lasting results.

2. Strong management engagement is needed at Headquarters and in all locations to continuously support efforts and re-enforce clearly and consistently the goals and objectives of the change initiative.

3. Multitudes of formal and informal arrangements that have developed organically over time must be rationalized and streamlined to establish a coherent, standard operating model.

4. Governance systems should provide both needed accountability and authority, without impeding the ability to make critical business decisions where the work is happening. They should also focus on forming the future vision of the operations and not just act as a client board focused on performance.

Operational aspects

5. Standardized processes should be developed to ensure consistency of support and clear expectations about requirements, timelines, and so forth.

6. There is more than one approach to the structure of service delivery, and the global field support strategy experience with service lines can provide insights into alternatives to the functional model.

7. Sufficient focus must be given to the re-engineering of the residual in-mission roles for human resources and finance to support the shared services model locally.

Client needs and performance management

8. Reliable baseline data is critical to gather from the outset to measure progress over time.

9. Performance management mechanisms, such as service level agreements, key performance indicators and reporting to clients need to be put in place right away.

10. Focus on clients and customers is key — not only in shared services arrangements, but in the organization as a whole.

Resources: budget and staffing

11. The service delivery model/centres should have their own budget and dedicated staffing. Workforce planning for shared services arrangements has to be done carefully to ensure that the right personnel with the appropriate skill sets are staffed in the service centres and other locations from the outset.

12. The financing model can have a significant impact on management and performance, as well as on accountability.

13. The timelines for phasing in the model and the build-up of staffing needs to be commensurate with the accountability for agreed outcomes. (Gradual transfer of posts over time contrasted with performance accountability from the start.)

Change management

14. Change management cannot be underestimated. Time, effort and resources need to be dedicated to workforce planning, training and communications and cultural change for all stakeholders and entities.

15. Setting up a new service model while implementing new organization-wide initiatives, such as IPSAS and Umoja, caused significant stress on operational activities and diverted a great deal of time and capacity. Careful consideration should be given to the sequencing of transformative initiatives.

Annex II

Pronouncements by the Board of Auditors on business transformation initiatives

Conditions for successful business transformation[a]

1. The Board has identified preconditions and circumstances common to global organizations that have successfully transformed services and operations. These include:

(a) A clear vision and business model;

(b) Ownership and leadership by the head of the organization or designate when it comes to change;

(c) An organizational structure that can readily adapt to change;

(d) Good corporate data and intelligence on a wide range of matters that are important for effective and efficient operations;

(e) Funding and governance mechanisms that support change;

(f) A focus on cultural challenges and how to gain buy-in from the organization;

(g) Clear communication on the need for change and expected behaviours;

(h) Effective planning, organization and risk management at all levels.

2. Further, the Board highlighted the following key lessons for senior management drawn from its audit of key business transformation projects, namely, Umoja, IPSAS and the capital master plan:[b]

- For each transformation agenda, there needs to be a coherent and articulated vision for change based on a good understanding of the business as a whole, the opportunities for change, and the most cost-effective way forward.
- There needs to be a realistic and holistic assessment of the ability of the United Nations to absorb change and deliver its ongoing mandates.
- Benefits realization needs to be actively managed.
- Reporting on project costs and progress needs to be robust and transparent.
- There needs to be accountability for the success of business transformation projects.

Governance, controls and assurance

3. In its assessment of the capital master plan,[c] the Board highlighted best practice considerations as follows:

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[a] A/67/651, para. 36.

[b] A/67/5 (Vol. I), para. 181. A further reiteration of key elements required for a coherent business change programme is provided in A/69/5 (Vol. I), para. 34.

[c] "Lessons from the United Nations Capital Master Plan: A paper by the United Nations Board of Auditors" (December 2014), page 16 (www.un.org/en/auditors/board/auditors-reports.shtml).

"In most large, complex organizations projects, programmes and portfolios of activity are normally subject to robust stakeholder management, governance and controls, supported by a combination of internal and external assurance processes. The aim is to ensure clear accountability and responsibility for delivery and at the same time establish effective controls and limits to mitigate and manage risk without overly constraining progress. A well-governed project typically features:

(a) A detailed full business case, articulating the benefits, costs, scope and proposed approach;

(b) Clearly defined project management roles and accountability;

(c) A project board — properly constituted and effective;

(d) Appropriate mechanisms for change control;

(e) Timely project reporting arrangements supporting an efficient transparent decision process;

(f) Effective integrated assurance over the whole life of the project."

Annex III

Overview: preliminary assessment of processes with potential for delivery in a shared service environment*

Headquarters	*Hub*	*Local*
Led by United Nations Headquarters or Offices away from Headquarters with stakeholder interdependencies	Performed locally with potential to consolidate, simplify and automate in shared service environment or processes led by Headquarters that can be performed elsewhere	Performed locally and required to be retained
Finance		
– Assessment	– Accounts receivable and collections; accounts payable/ vendor payments	– Accounts receivable and collections (local partners); accounts payable/vendor payments (low value, local vendors)
– Reimbursement of Member State formed police units/troop costs	– Vendor payment processing	– Bank reconciliations (local reconciliations)
– Budgeting and forecasting	– Asset accounting	– Project management
– Performance reporting	– Cashier	
– Recosting	– Bank reconciliations	
– Treasury, investment/foreign exchange + investment accounting	– Master data management/ maintenance (business partners)	
– Master data governance	– Travel claim processing	
– Income tax reimbursement	– Payroll	
– Allotment	– Manage cash level	
– Programme management	– Health + life insurance (staff enrolment, after-service health insurance/after-service life insurance data management)	
– Commercial insurance (property, casualty and liability) with some locally performed purchases + insurance claims	– Grants management	
– Financial statements	– Accounting processes	
– Umoja (Business Intelligence reporting)	Petty cash management	
	Process local payments to police- and troop-contributing countries	
	VAT-Tax accounting	

* It should be noted that the process assessment is an interim step in the full application of the six-part methodology (see para. 27 above); additional in-depth analysis will follow as Umoja deployment and stabilization has advanced further. Only options that are identified to be operationally feasible and beneficial to the Organization will be considered as part of the detailed business case that will be presented to the General Assembly at its seventy-first session.

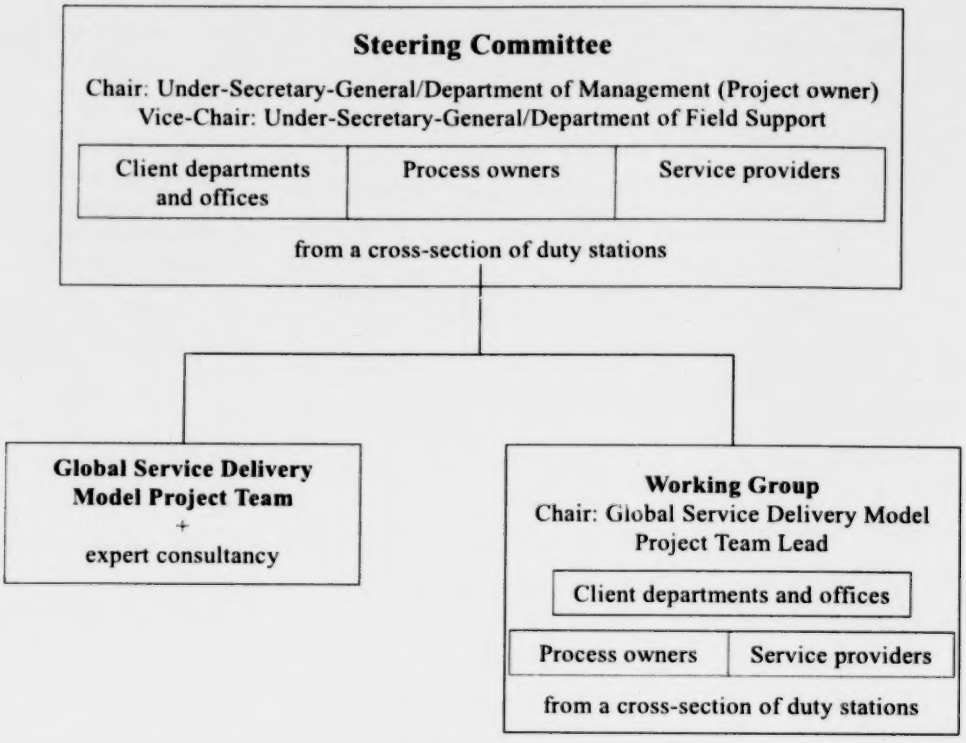
Headquarters	*Hub*	*Local*
Human resources	**Umoja related**	
– Human resources master data governance/maintenance of human resources reference tables – Global workforce planning – Global human resources Umoja support – Organization/Position management – Umoja (Business Intelligence reporting)	– Benefits enrolment – Administration and processing of staff entitlements – Human resources master data management – Maintenance human resources personal data – Personnel administration (onboarding, etc.) – Administration of staff movement – Staffing table management – Human resources and entitlement travel; administration of consultants and individual contractors	– Leave and attendance (local management) – Approval of uncertified sick leave, overtime and compensatory time off, danger pay (non-danger pay recording) – Initiating contract renewal – Local portion of Organization/ Position management
Human resources	**Non-Umoja related**	
– Institutional priorities and policy formulation – Inter-agency coherence and coordination – Interaction with legislative bodies – Global outreach – Policy advice/support to human resources partners – Inspira (Recruitment roster) – Language and Young Professional Programme examination programmes – Legal services, Management Evaluation Unit – Senior Management Committee – Reviewing and approving exception to the Staff Rules – Monitoring, oversight and compliance	– Inspira (offer management, eligibility review for conversion of employment) – Employment verification/ certification – Performance review – Career management – Policy interpretation – Customer relationship management	– Inspira (consultant selection and rostering; recruitment — staff selection) – General Service staffing and testing – Physical administration of exams/ training/counselling/career services – Local salary survey – Local input to globally/hub-administered services – Policy advice to Head of Office/Programme managers

Headquarters	*Hub*	*Local*
Corporate services		
– Procurement (solicitation, system contracts and contracts above entities' Delegation of Authority) – Global asset management – Strategic capital review – Travel management oversight – Umoja (Business Intelligence reporting)	– Regional procurement – Facilities management (real estate planning, lease acquisition) – Master data governance Master data management (Commercial partners, services, material) – Travel (lump-sum processing; United Nations travel documents (United Nations laissez-passer)) – Management and procurement of airline agreement – Umoja production support	– Local procurement/contract management – Master data maintenance – Equipment services (assign, repair, dispose) – Facilities management (on-site) – Travel and transportation services (local management/procurement of airline agreement; travel agency management and coordination (ticketing)) – Host country coordination – Shipment of personal effects
Logistics and supply chain[a]		
– Deployment planning and deployment – Force planning – Force master data	– Demand planning – Supply planning – Performance management – Transport planning and monitoring – Fleet management – Data-gathering and cleansing – Downsizing/liquidation	– Inventory management – Warehouse management – Shipping/transport execution – Quality management

[a] Initial designs for Umoja Extension 2 will be updated in line with the business requirements for the implementation of supply chain management, the functions and processes of which are currently under development.

Annex IV

Governance and project management arrangements during the development of the global service delivery model business case



Annex V

Shared services arrangements of United Nations funds and programmes and the specialized agencies

1. In April 2015, the United Nations Secretariat conducted a survey on the Global Service Delivery Model in collaboration with the United Nations System Chief Executives Board for Coordination (CEB). Thirteen United Nations entities responded to the survey. The overview of the respondents' consolidated service provision is included in annex VI.

2. The survey referenced four possible models of consolidated service provision that had been identified in discussions of the High-level Committee on Management (CEB/2014/3, para. 79).

(a) Individual organizations consolidating their own back-office operations in one or more global or regional locations;

(b) Sharing services, which one or more service centres could provide to several organizations on a cost-recovery basis or other service agreement;

(c) Establishing cost-shared common centres clustered around organizations with similar business models;

(d) Outsourcing services to United Nations service providers or external entities.

3. Six of the 13 entities that responded to the survey have implemented consolidated service provision and three entities are currently planning for implementation. The majority of entities (Food and Agriculture Organization of the United Nations (FAO), International Organization for Migration (IOM), United Nations Development Programme (UNDP), World Food Programme (WFP) and World Health Organization (WHO)) consolidated their own back-office operations, while UNDP provides shared services to other entities on a cost-recovery basis. The International Monetary Fund (IMF) has outsourced its IT services to an external vendor. No entity established cost-shared common centres.

4. **Feasibility study**. All respondent entities conducted or will conduct a feasibility study prior to implementation (including cost-benefit analysis, business processes/case analysis, performance analysis) in order to determine the service delivery model, scope of services, location, economies of scale and return on investments. These analyses also provided opportunities to capture organizational knowledge, document existing processes and policies, and identify potential for qualitative improvements, including through business process re-engineering.

5. **Enterprise resource planning readiness**. The importance of the readiness of the enterprise resource planning (ERP) system prior to the consolidation of service provision was recognized by all respondents. The United Nations Office for Project Services considered the introduction of the ERP system a determining factor for consolidated service provision. WHO, which concurrently implemented the ERP system and a global service centre, had to tackle challenges relating to manual workaround, data quality and backlogs.

6. **Governance**. The survey responses affirmed the need for a strong system for governance, including broad representation of stakeholders, appropriate level of

delegation of authority, alignment of reporting lines, and service level agreements. Optimal balance between managerial control and client-orientation was identified as an important prerequisite to efficient and effective delivery of services.

7. **Change management**. Many respondent entities stressed that, in addition to training and communication, it was important to raise awareness about the change impact of the transition to shared services. It was recommended that inclusive communication with all stakeholders be initiated early in the process.

Annex VI

Shared services arrangements in United Nations funds and programmes and the specialized agencies (in accordance with the April 2015 survey)

		Type of shared services arrangement	*Business processes*	*Location*	*Date of relocation*
Implemented	FAO	Consolidation of back-office operations	Accounts payable, travel, human resources servicing, consultants' servicing, asset management, user support	Budapest, Hungary	2007
	IMF	Outsourcing to external vendor	IT (application maintenance, ICT Help Desk)	Bangalore, India	2010
	IOM	Consolidation of back-office operations	Budget, accounting, treasury, IT, procurement, human resources, airline settlement, occupational health, website and digital assets, insurance, legal, inspector general, Project Information Unit, staff security, pension administration	Manila, Philippines	2002
			Accounting, IT, human resources, occupational health, legal, staff security	Panama City, Panama	2007
	UNDP	Consolidation of back-office operations: Sharing services with other organizations*	Global: finance, procurement, administration	Kuala Lumpur, Malaysia	2012, 2014-2015
			Global: staff benefits and entitlements; global payroll; Junior Professional Officer services, specialized procurement; common services	Copenhagen, Denmark	Junior Professional Officer services (2001) Benefits and entitlements (2003) Payroll (2004)
			HQ: Finance, including treasury and ICT services	New York, USA	Not relocated
			Security, common services, administration, finance, procurement, ICT, human resources	Regional hubs (Addis, Amman, Bangkok, Istanbul and Panama)	Structure and function reviewed in 2014-2015

		Type of shared services arrangement	*Business processes*	*Location*	*Date of relocation*
			Common services, administration, finance, human resources	Country offices in more than 170 countries and territories	Not relocated
	WFP	Consolidation of back-office operations	IT Help desk, vendor master data management, travel entitlement management	New Delhi, India	2007
			IT Field support, Competence Centre	Nairobi, Kenya	2012
			IT PASport Competence Centre	Bangkok, Thailand	2007
			Global vehicle-leasing programme, non-food procurement, fast IT and telecommunication	Dubai, United Arab Emirates	2007
			Emergency and support team		
			Non-food procurement (WFP and United Nations Humanitarian Response Depot)	Kuala Lumpur, Malaysia	2012
	WHO	Consolidation of back-office operations: Sharing services with other organizations*	Global: Finance, travel, human resources, procurement, awards management, IT	Cyberjaya, Malaysia	2008
Planned	UNFPA	Development ongoing. An independent feasibility study and cost-benefit analysis is currently being conducted			
	UNICEF	Consolidation of back-office operations	Global: human resources, finance, master data management, Global Help Desk	Budapest, Hungary	2015
	UNOPS	Consolidation of back-office operations Sharing services with other organizations	Global: human resources, finance, travel	Bangkok, Thailand	2016

* The concept of sharing services with other organizations, as implemented by UNDP and WHO, marks a continuation of previous support arrangements under the new service centre structure; it does not constitute an overall increase in shared services arrangements.

United Nations A/70/324

General Assembly

Distr.: General
14 August 2015

Original: English

Seventieth session
Item 74 (a) of the provisional agenda*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: strengthening of the coordination of emergency humanitarian assistance of the United Nations

International cooperation on humanitarian assistance in the field of natural disasters, from relief to development

Report of the Secretary-General

Summary

The present report has been prepared pursuant to General Assembly resolution 69/243, in which the Assembly requested the Secretary-General to continue to improve the international response to natural disasters and to report thereon to the Assembly at its seventieth session. The report provides an overview of disasters associated with natural hazards that occurred during the reporting period and analyses a number of thematic issues, with a focus on risk management, interoperability, displacement and global policy agendas. The report also provides an overview of progress made in strengthening international cooperation in this regard and concludes with recommendations for further improvements.

* A/70/150.

15-13042 (E) 210915

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I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 69/243, in which the Assembly requested the Secretary-General to continue to improve the international response to natural disasters. It covers calendar year 2014.

II. The year in review

A. Disaster data for 2014

2. The Internal Displacement Monitoring Centre (IDMC) estimates that more than 19.3 million people were displaced by disasters in 2014.[1] Although lower than the average of 26.4 million for each year since 2008, this figure reflects a longer-term upward trend in displacement since the 1970s. For 2014, the Centre for Research on the Epidemiology of Disasters (CRED) registered 307 disasters which killed an estimated 7,820 people, affected 107 million people and caused US$ 98 billion in economic damages. Asia and the Pacific was the most affected region, with half (153) of all disasters and 78 per cent of all deaths occurring worldwide. In addition, the Centre for Research on the Epidemiology of Disasters registered 19 epidemics, including the Ebola outbreak in West Africa, which has so far killed 11,294 people, according to the World Health Organization (WHO).[2] The number of disasters, deaths and people affected remained lower than average in the past 10 years. Similarly, economic losses remained well below the annual average of $147 billion seen in the past 10 years. The floods in Jammu and Kashmir along with Cyclone Hudhud in India were the most economically costly events, at $16 billion and $7 billion respectively. The United Nations Development Group estimates that West Africa may lose an average of at least $3.6 billion per year between 2014 and 2017 owing to the consequences of the Ebola outbreak.

3. Between 1994 and 2013, the Centre for Research on the Epidemiology of Disasters recorded 6,883 natural disasters worldwide, which claimed 1.35 million lives. A total of 218 million people were affected by disasters on average every year. The frequency of large-scale geophysical disasters remained broadly constant, but a sustained rise in climate-related events (mainly floods and storms) pushed total occurrences significantly higher. Population growth and economic development help explain this upward trend in disaster occurrence. Building in flood plains, earthquake zones and other high-risk areas has increased the likelihood that a natural hazard will become a major catastrophe. The economic impact from disasters over the past 20 years has been staggering, with $2 trillion in recorded losses, and the figure is estimated to reach $3 trillion when the many hidden losses are considered.

B. Overview of disasters associated with natural hazards

4. According to CRED, Asia and the Pacific experienced 153 disasters in 2014, affecting a total of 93 million people, killing 6,060 and, according to IDMC

[1] Excluding displacement related to drought, gradual processes of environmental degradation and biological hazards such as epidemics.

[2] As of 26 July 2015.

estimates, displacing 16.7 million. This represented one third of the casualties in 2013, owing to fewer major hazard events combined with more effective preparedness, early warning systems and evacuation measures. In many countries, such measures consistently helped move people to safety and reduce the number of casualties. During 2014, a total of nine typhoons hit the Philippines. Drawing on lessons learned from Super Typhoon Haiyan in 2013, the Philippines carried out large-scale evacuations of people prior to the landfall of Typhoon Hagupit in December 2014 helped prevent major losses. While Haiyan killed more than 6,300 people in 2013, Hagupit killed 18 people, although it did affect more than 4.1 million people. In India, Cyclone Hudhud made landfall as a category 4 storm in early October with wind speeds of over 190 kilometres per hour. Despite the cyclone's destructive force, early evacuations of about half a million people helped limit the number of deaths to 84.

5. Major floods in India and India-administered Kashmir, which experienced its worst monsoon rains and flash flooding in 50 years, affected almost 23 million people and destroyed millions of acres of crops. Some 2.5 million people were also affected in Pakistan and Pakistan-administered Kashmir. In Sri Lanka, 22 out of the 25 districts and an estimated 1.1 million people were affected by severe floods, while throughout the year, nearly 770,000 people experience food insecurity owing to severe droughts. Landslides in Nepal caused 484 deaths and affected more than 185,000 people. In China, a major drought affected 27.5 million people and an earthquake killed 731 in August, according to CRED.

6. Recurrent drought and floods continued to affect the Sahel region. Some 20 million people, or 1 in 8 inhabitants of that region, entered 2014 food-insecure. Among them, more than 2.5 million required urgent life-saving food assistance. Compared with the 11.3 million people affected by food insecurity in 2013, that figure represented a dramatic increase, driven in particular by the deterioration in the food security situation in parts of Cameroon, Nigeria and Senegal, which together accounted for 40 per cent of the overall caseload. In 2014, 1.5 million children were affected by severe acute malnutrition and an additional 3.4 million by moderate acute malnutrition.

7. In the Greater Horn of Africa, recurrent cycles of drought, floods and conflict across the region stretched the coping capacity of people and left an estimated 20 million people in need of humanitarian assistance. In 2014, over 12.8 million people suffered from acute food insecurity and the overall nutrition situation remains a serious concern. Seasonal flooding continued to affect the region, with an estimated 277,000 people affected in the Sudan alone.

8. In Southern Africa, 117 people were killed and 453,300 affected by floods and storms, including three tropical cyclones. Flood-related emergencies were declared in Zimbabwe and the Comoros, with the latter also hit by a 4.8 magnitude earthquake only weeks before Tropical Cyclone Hellen, adding to significant infrastructure damage and displacing 3,000 people on the island of Anjouan. In Madagascar, a locust infestation ongoing since 2012 continued to threaten the livelihoods of 13 million people, or 60 per cent of the population.

9. In Latin America and the Caribbean, 4.5 million people, including 1.2 million people in Colombia alone, were affected by disasters. Seasonal flooding in Bolivia (Plurinational State of) and Paraguay left 575,000 people in need of humanitarian assistance. In Central America, 4 million people were affected by food insecurity or

loss of livelihoods resulting from a drought compounded by a fungal outbreak affecting the primary coffee crop.

C. Epidemics

10. In 2014-2015, the Ebola outbreak had a profound impact on three high-transmission countries, namely, Liberia, Guinea and Sierra Leone, and also affected Mali and Nigeria, killing an estimated 11,294 people. Health systems were stretched to their limits, while vaccinations and general health services were brought to a halt for months, thereby increasing deaths from other health conditions and impeding the functioning of routine maternal health and other health services. The closure of schools left more than 5 million children without education for months. By March 2015, the outbreak had also left more than 16,000 orphaned, killed breadwinners, caregivers and health personnel, and threatened livelihoods. Survivors have been left traumatized both physically and psychologically, with many unable to return home owing to stigma. Malnutrition and food insecurity, already prevalent before the outbreak, are expected to increase through 2015. Protection-related concerns included the displacement of entire villages, driven by fear of the disease, and by security measures at border posts and around quarantined areas. National Governments and local actors quickly mobilized and scaled up a joint response with support from international actors. National private sector actors were among the first to sensitize the population and deploy their capabilities, know-how and understanding of the local context. The United Nations Mission for Ebola Emergency Response (UNMEER) was established as a temporary measure to lead the response. Over 175 organizations were involved in emergency response programmes in the three high-transmission countries to stop the outbreak, raise awareness and engage with the communities, treat the infected, ensure the provision of essential services, preserve stability and prevent the outbreak from spreading to unaffected countries. Key lessons underscored the centrality of local capacities and communities in the design and implementation of the response and in mitigating the impact of the outbreak in order to build long-term sustainability and resilience. The outbreak also highlighted the need for stronger collaboration between the health and humanitarian communities.

D. Funding trends related to natural disasters

11. Global humanitarian funding reported to the Financial Tracking Service reached $22.4 billion in 2014. Of this, $3.5 billion (16 per cent) was reported for emergencies classified as disasters — an amount over eight times greater than the $407 million received in 2012 and over one third greater than the amount received in 2013. Of that $3.5 billion in funding for disasters in 2014, 74 per cent ($2.6 billion) was in response to the Ebola outbreak and 24 per cent ($844 million) in response to Typhoon Haiyan.[3]

12. The Central Emergency Response Fund (CERF) disbursed $460.8 million in 2014, of which $45.2 million was for response to disasters. This represented the lowest level of annual CERF funding for natural disaster responses since the Fund's inception in 2006. Allocations included $25.7 million for response to drought,

[3] As of 10 April 2015 and including contributions with a decision date in 2014.

$15.8 million for floods, $2.5 million for a coffee rust plague and $500,000 for a locust infestation. The five countries receiving the largest amounts were Ethiopia ($5.8 million), Guatemala ($5.4 million), Senegal ($4.5 million), Burkina Faso ($3.9 million) and Bolivia (Plurinational State of) ($3.2 million). The Fund helped humanitarian organizations fight the Ebola outbreak in West Africa. With $15.2 million from CERF, agencies were able to quickly scale up their emergency response, which included treatment and prevention programmes in Guinea ($7.3 million), Sierra Leone ($6.1 million), Liberia ($1.9 million) and Nigeria ($1.5 million).

III. Managing risk

A. Urgency of the issue

13. Notwithstanding the reduced number of disasters in 2014, drivers of risk, such as climate change, food and nutrition insecurity, water scarcity, demographic shifts, rapid urbanization, intensifying conflicts, complexity of crises, recurrent and protracted displacement and irregular migration, are expected to increase exposure and vulnerability to natural hazards in the future. In many complex emergencies and protracted crises, disasters are one of the sources of increasing needs and complexity. Despite the increase in available resources, humanitarian needs have outstripped response capacity. Taking action now to build better risk-informed and needs-driven strategies for humanitarian and development action is imperative and constitutes a key element in the tackling of current and future challenges. The World Humanitarian Summit, to be held in Istanbul in May 2016, will offer the members of the global community a major opportunity to come together to strengthen humanitarian action and put affected people at its centre.

B. Need for a new risk-informed and needs-driven business model for joint humanitarian and development action

14. Faced by large and increasing global humanitarian demand and complexity of needs, better alignment of development and humanitarian action is needed to support strengthening of resilience and lasting integrated solutions. Multiple initiatives have improved coherence and coordination of humanitarian and development action to manage risks and build resilience, but further improvements are needed to strengthen collective action, including in aligning delivery based on common analysis, goals and programmes for effective implementation.

15. The Sendai Framework for Disaster Risk Reduction 2015-2030, adopted by the Third World Conference on Disaster Risk Reduction, held in Sendai City, Japan, from 14 to 18 March 2015,[4] provides a new holistic framework for disaster risk management for stakeholders at all levels. The Framework includes, inter alia, a set of guiding principles, seven global targets and four priorities for action[5] at the local,

[4] Endorsed by the General Assembly in its resolution 69/283 of 3 June 2015 and contained in annex II thereto.

[5] Priority 1: Understanding disaster risk; Priority 2: Strengthening disaster risk governance to manage disaster risk; Priority 3: Investing in disaster risk reduction for resilience; and Priority 4: Enhancing disaster preparedness for effective response and to "Build Back Better" in recovery, rehabilitation and reconstruction.

national, regional and global levels. The Framework, which recognizes that managing disaster risk is an important component of sustainable development and includes multiple actions and entry points for humanitarian actors, aims at strengthening the capacities of communities and countries to reduce risk. Through its focus on preparedness, response and recovery, countries will acquire greater capacity to respond and to provide a more effective partner platform for coordination with the international humanitarian system. This presents an opportunity for closer joint humanitarian and development action in managing disaster risks, implementing the Framework and mobilizing stakeholders.

16. Collective leadership is required to put into action the commitment to joint initiatives, provide incentives to strengthen resilience before, during and after crises, and ensure that partners are working towards common goals. The needs of vulnerable and affected people and local capacities should give form to the central organizing principle and the core of joint humanitarian and development action.

17. There must be increased emphasis on and investment in developing common and holistic understanding of context and risks, as this is critical to delivering coherent and complementary humanitarian and development action., which in turn requires greater anticipation of emerging risks, future needs and investment in capacities. Understanding the dynamics of risks and translating that understanding into multi-year planning so as to build capacities will help in tackling the underlying factors exacerbating humanitarian risks.

18. Common risk analysis must provide the necessary evidence base for both short-term planning (1-3 years) and long-term planning (3-10 years). To capitalize on the opportunities emerging from managing risks, actors should agree on initial shared risk analysis, even if different actors will conduct different activities according to their own comparative advantages. Given the cascading impact that unmanaged risk can have in terms of increasing other risks and creating compounding effects, it is important that risk be managed jointly and that different activities to manage risks and build resilience be undertaken simultaneously, instead of on the basis of a linear approach entailing the transition from relief to development.

19. Risk analysis and subsequent activities to manage identified risks must incorporate gender, age and disability perspectives in order to be effective and strengthen the resilience of communities and reduce vulnerabilities. Inclusive participation and contribution should be guaranteed when risk management policies and humanitarian response are being designed and implemented. Utilization of data disaggregated by sex and age together with gender and diversity analysis to inform all assessment and planning processes is vital to enhancing the transformative impact of risk management on the lives and resilience of the most vulnerable. They must also incorporate disability perspectives.

20. The Inter-Agency Standing Committee (IASC), particularly through its Task Team on Preparedness and Resilience, has developed tools that harness and support a common understanding of risk. These include the Index for Risk Management (INFORM), the revamped IASC Early Warning, the Emergency Response Preparedness (ERP) approach and the Common Framework for Preparedness developed by the Inter-Agency Standing Committee together with the United Nations Development Group and the United Nations Office for Disaster Risk Reduction.

21. The Administrator of the United Nations Development Programme (UNDP) and the Emergency Relief Coordinator have encouraged resident coordinators/humanitarian coordinators to use INFORM during the process of formulating strategic response plans, common country assessments and United Nations Development Assistance Frameworks to support joint analysis and understanding of risks and to contribute to the development of common strategies and priorities for addressing those risks. INFORM results can serve to influence national policies and resource allocation by helping to identify risks, build resilience and facilitate better preparation for crises. The next phase of INFORM will provide regional and national risk models using the current global methodology. These will be adapted to local risks and scale.

22. The Inter-Agency Standing Committee ERP approach, an inter-agency initiative for building preparedness capacity at country level, aims towards systematically identifying and monitoring risks and improving risk analysis, as part of comprehensive preparedness actions. Since its launch in December 2014, the ERP approach has already been used in more than 10 countries, including Burundi, Haiti, Iraq, Myanmar and Ukraine. IASC Early Warning is being developed as a subset of the ERP approach to better support risk-informed decision-making, in particular through better understanding of the "return on investment" of various options for targeted preparedness funding. This analysis is one of the basic enabling steps for coherent support to national preparedness capacity development through the Common Framework for Preparedness.

C. Coherent humanitarian and development action in managing disaster risk

23. While the international humanitarian system spends significant resources in response to crises, greater political and financial investments in preparedness and prevention of disasters from the outset are needed. Success in integrating risk will be measured by reduced exposure and vulnerability to natural hazards and on the basis of whether disasters have been averted or mitigated. This requires investment in risk-informed sustainable development. Concerted and coordinated humanitarian and development action in risk management, including in preparedness for responding, recovery and livelihoods support, is an important contribution to these efforts.

24. Humanitarian action and development action need to be coherent, mutually reinforcing and contiguous. They should be underpinned by a common understanding of shared longer-term outcomes that ensure effective risk management. The international humanitarian community needs to take a risk-informed outcome-driven approach, involving clear objectives within a time frame and an exit strategy which reinforces national capacities and resilience. Increasingly, international humanitarian action is substituting for development and government action, particularly in protracted and recurring crises. Humanitarian and development action requires close communication and coordination of programming, and determination of roles and responsibilities based on an assessment of technical competencies and capacity to deliver, enabling decisions on when different actions should be taken and by whom. It also requires support for national actors within and across all sectors, ensuring the right balance and complementarity of activities.

25. International humanitarian organizations need to complement and reinforce local capacities, actors, outcomes and ownership of disaster response. The multilateral system should support the primary responsibility of Governments for addressing disasters. The work of international actors should be aligned with government planning and processes, building their ownership of response.

D. Progress in incorporating risk management in humanitarian action and joint activities with development actors

26. Humanitarian and development actors should systematically replicate best practices in resilience and risk management activities and go to scale. Leadership should encourage and incentivize innovation to enable development of new tools and approaches for delivering integrated support to vulnerable people, communities and countries, while financing should incentivize increased efficiency and effectiveness through predictability, reliability and results-based approaches. Rigorous evaluation and monitoring of transformative impacts should be undertaken to identify success stories and build an evidence base. A number of recent major initiatives show promise and valuable lessons in this regard. The World Humanitarian Summit in May 2016, the 2030 agenda for sustainable development and the Sendai Framework offer key opportunities to build on and systematize longer-term thinking and action which responds to current needs and builds local capacities to cope with future risks and crises.

27. A significant initiative which is coming to fruition is the joint Inter-Agency Standing Committee-United Nations Development Group Guiding Principles on Resilience. The Principles are broadly: (a) to prioritize context and support to local and national ownership; (b) to account for and address underlying risks; (c) to adopt comprehensive, flexible, integrated and area-based programming; (d) to seek strategic partnerships and multi-stakeholder cooperation; and (e) to advocate for and ensure predictable and flexible financing. The Principles are anchored in core humanitarian and development principles and reinforce existing principles and agreements, including the United Nations Plan of Action on Disaster Risk Reduction for Resilience and the Sendai Framework.

28. The Capacity for Disaster Reduction Initiative (CADRI), an inter-agency partnership, encompasses a coherent system-wide effort to support Governments in developing their capacities to prevent, manage and recover from disasters. Based on the technical expertise of its 12 member agencies, CADRI assisted 20 countries in assessing their capacity needs and gaps, and developing action plans for disaster risk reduction, including preparedness for response. The CADRI tool for capacity assessment and planning is structured according to the four priority areas of the Sendai Framework, one of which is specifically focused on preparedness for disaster response, recovery and reconstruction. The CADRI partnership, which has integrated a risk management approach into its country selection, including through use of INFORM, could be more widely used in high-risk countries to address capacity gaps in response and recovery.

29. States have a central role to play in promoting a stronger link between humanitarian and development approaches in their domestic governance systems for disaster risk management. Recent research carried out by UNDP and the International Federation of Red Cross and Red Crescent Societies has shown that

while much national law- and policymaking accompanied the roll-out of the Hyogo Framework for Action: 2005-2015: Building the Resilience of Nations and Communities to Disaster,[6] significant gaps still remain in the content and implementation of domestic legislation in many countries, in particular regarding the sectoral laws that are most closely related to the underlying drivers of risk, such as laws on land use and construction. Affected States can enhance the effectiveness and complementarity of incoming international relief efforts by adopting new laws and rules drawing on the Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance. To date, some 18 countries have done so, but many others still lack clear and consistent rules for managing incoming relief.

E. Funding across the spectrum of risk management

30. Between 2004 and 2014, owing to the increase in the severity and frequency of crises, annual inter-agency humanitarian appeals grow by 600 per cent, from $3 billion to $18 billion. At the same time, the number of people being targeted for assistance through inter-agency appeals more than doubled, to 76 million. While donors have provided more resources for humanitarian work, nearly doubling their contributions from $5.6 billion in 2011 to $10.4 billion in 2014, the gap between what is requested and what is received has grown in both absolute and percentage terms, from 37 per cent ($3.3 billion) in 2011 to 40 per cent ($6.9 billion) in 2014. The widening of this gap calls into question the ability of the international humanitarian community to continue to meet the needs of affected people.

31. International humanitarian actors are asked to do more under more dangerous circumstances, especially at a time where crises are lasting longer than ever before. Protracted and chronic crises have become the new normal. Responding to such crises exhausts international resources that could be used to address root causes of vulnerability and build resilience and thereby enhance the capacity of countries and communities to cope with shocks. The situation is further exacerbated by shortcomings as regards effectively financing a long-term transition which focuses on tackling risk and vulnerability while reducing the need for humanitarian assistance. These situations call for a closer examination of the nexus between humanitarian and development action and financing.

32. More dynamic planning is needed — planning that includes resource mobilization over a multi-year framework and prioritizes funding for risk reduction,. While humanitarian funding focuses on immediate response, a longer-term strategic approach to addressing underlying risks and persisting vulnerability would require increased development funding for risk reduction. The most recent data on global financing for disaster risk reduction has highlighted that the total amounted to just $13.5 billion over a 20-year period, a fraction of the more than $3 trillion spent on overall development aid over the same period. Innovative solutions are needed to support a timely and predictable response and enable systematic planning and budgeting. Comprehensive financial protections strategies, including risk financing and insurance, and innovations such as automatic triggers, should be considered in order to minimize costs and delays during disaster response.

[6] A/CONF.206/6 and Corr.1, chap. I, resolution 2.

33. Assistance for preventing crises rarely goes to the countries that are most at risk of experiencing a humanitarian crisis. For example, the Central African Republic was ranked the third most at-risk country by INFORM in 2014, yet it was ranked seventy-eighth as a recipient of official development assistance (ODA). Financing for disaster risk reduction is heavily concentrated in relatively few, mostly middle-income countries and remains at negligible levels for high-risk countries, as compared with financing for response. Current funding mechanisms therefore need to include an objective and shared assessment of crisis risk. Such assessments and subsequent contingency planning for natural hazards, using forecasting models such as INFORM and seasonal weather projections, can help anticipate, and provide more reliable indications of, the frequency and number of possible disasters. This can inform financial preparedness and the design of mechanisms and measures, such as funding reserves and other forms of ex ante financial planning, to meet anticipated demand for financing at times of peak need. This should include triggers for the early release of funding for early action, for instance, in advance of a tropical storm making landfall or in the event of failed seasonal rains and early signs of drought. In addition, insurance and other risk financing tools offer opportunities to better finance crisis prevention and share risks.

34. Humanitarian financing, recovery financing and development financing need to be complementary. Emerging climate and sustainable development financing should incrementally cover protracted, predictable and recurrent events by reducing vulnerability, while humanitarian and recovery financing should focus on strengthening capacity and readiness for a timely quality response to major events. This also requires a commitment to provide resources for gender-based humanitarian action. Financing must increasingly focus on transitioning out of crises and preventing their recurrence. The focus should be on helping countries, communities and national civil society manage risks by themselves. This would enable regional and international humanitarian actors to gradually focus more on the most severe crises. In disaster-prone contexts, clearer protocols and arrangements involving the government, development actors and humanitarian organizations need to be in place in order to indicate when and under which conditions the international humanitarian system may need to engage.

35. Finding innovative and efficient ways to finance humanitarian work is a key pillar of necessary change. The Secretary-General has therefore launched a High-level Panel on Humanitarian Financing to provide recommendations which will also feed into the World Humanitarian Summit. The Panel aims at providing political support by issuing high-level recommendations on how to better understand the drivers of humanitarian cost, determine what needs to change to enable a more nimble and flexible humanitarian financing architecture, identify additional funding sources, better leverage partnerships and increase efficiencies. The Panel is undertaking its work with the support of a secretariat provided by the Office for the Coordination of Humanitarian Affairs of the United Nations Secretariat.

IV. Strengthening interoperability

36. The context for disaster response and the role of international responders vis-à-vis national Governments, communities and other actors are changing. National Governments and actors are increasingly at the centre of response in

disaster settings, while the role of international actors will progressively focus on augmenting national capacities.

37. As capacity and expertise in respect of mitigating the impact of disasters continue to grow at the national and local levels, more Governments are able to manage disasters without international humanitarian assistance. The tripling of the global economy from $25 trillion to $75 trillion over the past 20 years and the emergence of middle-income countries have enabled many Governments that had been aid recipients to leverage their economic growth for investments in disaster preparedness and response capacity. They are meeting needs using their own response capacities, including national disaster management agencies, domestic militaries, civil society and the private sector. While Asia continues to be the region most affected by disasters, fewer countries in the region, including those with the largest numbers of people affected, have requested international assistance in the past few years. The investment that some countries make in national disaster management at home outweighs by far what they receive in external assistance. For example, estimates indicate that between 2009 and 2012, the Philippines invested $2.3 billion in domestic humanitarian response, far more than it received in international humanitarian assistance during that period. These developments are leading to a shift towards more regional and bilateral investments in humanitarian assistance, which opens up new opportunities and additional capacity for preparedness, response and recovery.

38. Communities prepare for, respond to and recover from disasters differently today, owing partly to opportunities arising from the availability of new technologies and the growing involvement of the private sector. Given the increase in urban emergencies, local actors are leading efforts to build sustainable systems, including for early warning, and accelerate recovery, while leveraging the human and financial resources available in most cities. Other actors, including civil society, diaspora communities, regional actors, foreign militaries, the private sector and donors, constitute response and delivery systems in their own right.

39. These trends highlight a major opportunity to mitigate the impact of disasters globally by (a) more systematically and predictably connecting different response and recovery capacities during the preparedness phase and (b) building upon capacities at the national and local levels rather than substituting them through the import of external goods, services, programming and coordination. This requires investment in the policy, capacity development and operational coordination mechanisms required to support the connectivity and complementarity of all of the different actors, systems and networks centred around needs and expected outcomes, and predictability of capacities and resources, within an agreed response framework, in order to enable optimization of collective response to growing needs.

40. In this context, the term *interoperability* can be understood as describing the effort to enable systems that are by nature very different to work better together and in a predictable way, based on their comparative advantages, without co-opting and while accommodating different values. Some countries are already reconciling numerous actors and systems through a modular approach, where different groups of responders have pre-established roles which can be adopted in an emergency and are managed by a government agency at central level. This requires building a common understanding of their key operating standards and approaches, mapping response and recovery capacity and gaps within and across all sectors in a country,

and identifying opportunities to increase cooperation and complementarity among different responders.

41. Preparedness is central to improved interoperability and effective augmentation of national capacities. Interoperability should become a common feature and objective of joint preparedness planning and engagement with national and local governments. It is a function of effective preparedness, response and recovery planning, and cannot be achieved spontaneously. For example, in the Asia-Pacific region, a shift is already taking place towards coordinating with a wider group of actors and systems in the context of preparedness for sudden-onset disasters. Past experience and dialogue with national and local authorities indicate that key immediate needs and the most commonly requested assistance items following disasters can often be anticipated in advance. This can serve as a basis for predetermining which responders in the region, ranging from humanitarian organizations and Governments to the private sector and militaries, can contribute which services during disasters, and what is required in terms of stockpiling, local procurement, standby arrangements, pre-signed agreements, and identification of suppliers and transportation routes. Gaps that cannot be addressed at the country level should be taken up at the regional level by humanitarian and regional organizations and coordination bodies, and national capabilities, including militaries, where appropriate. If gaps cannot be addressed at the regional level, the process should be repeated at the global level in line with the IASC Emergency Response Preparedness approach mentioned above and in coordination with Member States and regional organizations.

42. Humanitarian civil-military coordination can provide best practices and unique capacities for facilitating interoperability. Member State armed forces are routinely deployed to provide essential life-saving support to national and local disaster response operations. Adherence to the principles of the Oslo Guidelines on the Use of Foreign Military and Civil Defence Assets in Disaster Relief remains fundamental for a needs-driven Member State response, with commitment to predictable, coherent and proper use of foreign military assets. The introduction of universal standards for the utilization of foreign military assets would facilitate decision-making by Member States that are considering engaging their militaries in support of disaster response. These standards constitute concrete measures that can be taken by Governments at a strategic, operational and tactical level to ensure accountability to people in need. They can assist decision-making with rapid assessment of potential gaps that could be filled by foreign military assets based on the likelihood and scale of need.

43. There will be a rapid evolution in the role of the multilateral system in disaster contexts, from implementer of assistance to broker of solutions, repository of good practice and provider of technical advice and niche capabilities. However, despite progress made in building national response capacity, many Governments will initially be overwhelmed by major sudden-onset emergencies, particularly in high-risk countries. No level of development will completely eliminate this vulnerability. Governments will also continue to benefit from specific technical support, building on best practices and international standards. Effective external assistance can increase the speed and volume of assistance, and ensure that international standards and principles are more closely followed. Regional and international assistance and networks will therefore continue to play an important role by augmenting and complementing national efforts in the immediate aftermath of major disasters.

V. Displacement

44. According to the Internal Displacement Monitoring Centre, historical models suggest that even after adjusting for population growth, the likelihood of displacement by a disaster today is 60 per cent higher than in the 1970s. The primary drivers of this increase have been rapid unplanned urbanization, population growth and economic development in hazard-prone areas. Climate change may further increase displacement risk in the future by increasing the frequency and intensity of some weather-related hazards and the vulnerability of communities.

45. Major disasters over the past few years point to the need for closer collaboration between humanitarian and development actors in preventing and addressing displacement, and planning for recovery and solutions as soon as possible after disasters. Displacement should not be approached as a purely humanitarian issue: solutions rooted in development and political actions are required. Development actors need to increase their engagement from the onset of disasters so as to ensure that the development dimensions of displacement are addressed before displacement becomes protracted. Development action can also play a role in preventing displacement from taking place, for example, through investment in, inter alia, safer housing and building codes, and climate change adaptation strategies which enhance the resilience of households, including by facilitating voluntary migration with dignity and planning for the relocation of at-risk communities in a participatory and rights-based manner. Development action should play a central role in ensuring durable solutions to protracted displacement and in building the capacity of national institutions to address displacement.

46. Although disaster-induced displacement is usually of shorter duration than that caused by conflict, it often has long-lasting repercussions and can become protracted. The latest IDMC analysis highlights the plight of people who have been living in conditions of protracted displacement following disasters for up to 26 years. In Haiti, large-scale humanitarian programmes were rolled out to respond to the needs arising from the 2010 earthquake, which displaced over 1.5 million people and caused extensive destruction of infrastructure and housing. While the majority of the people displaced by the earthquake found accommodation outside camps, some 80,000 vulnerable people still remain in them. The recently launched Haiti transitional appeal serves as the key strategic and programmatic guidance for humanitarian, transition and resilience-building actions in support of the Government in addressing the needs of the most vulnerable.

47. Displacement is not just an outcome of disasters but also a driver of future disaster risks, as it exacerbates pre-existing vulnerabilities. Risks are particularly acute in urban areas, where shelters for displaced persons are generally not included in land management plans or built in accordance with housing codes. Consequently, displaced persons are often at risk of inclusion in secondary and repeated cycles of displacement. For example, in Haiti, an estimated 3.5 million people, many of them current or former displaced persons or internal economic migrants, live in informal settlements and remain highly vulnerable to natural hazards and to their impact.

48. To increase the predictability of response, functioning national institutions, coordination systems, and legal and political frameworks on displacement must be in place prior to disasters. A good example in this regard was provided by the Government of the Philippines in the management of Typhoon Hagupit in December

2014. Based on the lessons learned from previous disasters, the Government activated coordination structures, opened information hotlines, established evacuation centres, mobilized resources and pre-positioned relief items ahead of the Typhoon's landfall. As a result, the number of affected people and casualties was minimized, while those displaced received timely assistance and protection.

49. Legal and political frameworks should cover all forms of displacement and all of its phases, from prevention to response and support through to solutions. At the global level, the Guiding Principles on Internal Displacement (E/CN.4/1998/53/Add.2, annex) are the primary tool for guiding the action of Governments and humanitarian and development partners in assisting and protecting internally displaced persons. Regional organizations can also play an important role in making the response to displacement more predictable. The African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa provides for the establishment of national and regional mechanisms for early warning, disaster risk reduction and the coordination of humanitarian assistance. The Convention requires States to work towards the creation of conditions capable of facilitating return, local integration or relocation in a manner that is sustainable and that respects the dignity and safety of internally displaced persons. Other regions should consider adopting similar standards.

50. Relevant solutions to displacement, based on the IASC Framework on Durable Solutions for Internally Displaced Persons, should receive enhanced support. In the aftermath of disasters, the return of displaced persons may be hampered by lingering or new disaster risks, and often no assistance is offered either to those wishing to integrate locally or to host communities. When there is an offer of relocation, it is important for the process to be transparent, with clear guidelines and necessary resources. The basic principles and guidelines on development-based evictions and displacement (A/HRC/4/18, annex I) offer additional guidance which can be applied in situations of disasters.

51. The Sendai Framework includes multiple actions that should be incorporated in regional and national strategies to enable a better use of disaster risk reduction to prevent and mitigate displacement. It calls for the integration of post-disaster rehabilitation and reconstruction into the economic and social sustainable development of affected areas, including temporary settlements where displaced persons live. The Framework underlines the need to prepare for ensuring a rapid and effective response to disasters and related displacement, encompassing, inter alia, provision of access to safe shelter, essential food and non-food relief supplies and basic health-care services, including sexual and reproductive health. It encourages States to adopt policies and programmes addressing disaster-induced human mobility to strengthen the resilience of affected people and host communities. It also calls for transboundary cooperation in addressing displacement risk in areas with common ecosystems, such as river basins and coastlines. In countries with high risk of disaster-induced displacement, sustainable long-term solutions, including investments in urban planning, permanent housing and access to basic services, such as health care, and livelihoods, are essential.

52. At its sixteenth session, held in Cancun, Mexico, from 29 November to 10 December 2010, the Conference of the Parties to the United Nations Framework Convention on Climate Change decided to establish the Cancun Adaptation

Framework,[7] with the objective of enhancing action on adaptation to climate change. Recognizing the implications of climate change, inter alia, for displacement, the Conference of the Parties invited all Parties to undertake voluntary measures to enhance understanding, coordination and cooperation with regard to climate change-induced displacement, migration and planned relocation (decision 1/CP.16, para. 14 (f)). At its nineteenth session, held in Warsaw from 11 to 23 November 2013, the Conference of the Parties to the Convention established the Warsaw International Mechanism for Loss and Damage,[8] under the Cancun Adaptation Framework, which also identifies displacement as a potential consequence of climate change. Integrated climate and disaster risk management strategies and plans can help build resilience so as to assist people in avoiding displacement; and can also, where appropriate, facilitate human mobility, which would entail plans for, inter alia, evacuation, voluntary migration and planned relocation, as a means of adapting to the negative impacts of climate change, disasters and environmental degradation. Planned relocation can help achieve durable solutions by enabling displaced persons to rebuild their lives and livelihoods elsewhere.

53. The Nansen Initiative on cross-border displacement in the context of disasters and the effects of climate change, led by Norway and Switzerland, has concluded a series of intergovernmental regional meetings in the Pacific, Central America, the Greater Horn of Africa, South-East Asia and South Asia. Discussions with civil society organizations and experts were also organized. The Initiative has successfully contributed to framing the needs and challenges associated with cross-border displacement. Additional efforts are required to put in place a comprehensive response to such displacement, including key legal, institutional, operational and financial factors. In October 2015, Member States will convene in Geneva to discuss a protection agenda, including recommendations for future action for cross-border displacement and other forms of human mobility in the context of disasters. As the Initiative will conclude at the end of 2015, it will be important to establish an international institutional arrangement on this issue to ensure effective implementation of successful practices addressing disaster-induced displacement, which can be used by States and other actors in the areas of humanitarian action, human rights protection, migration management, refugee protection, disaster risk reduction, climate change adaptation and development.

VI. Global policy agendas: implications and opportunities for humanitarian action in the post-2015 era

54. Global policy agendas, such as the post-2015 development agenda, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (General Assembly resolution 69/313, annex), the Sendai Framework, the new climate change agreement, the New Urban Agenda and the World Humanitarian Summit present or will present unique opportunities to better address global challenges common to development and humanitarian action. The agendas can also help generate the transformative shift discussed in this report, especially in the context of the World Humanitarian Summit.

[7] See FCCC/CP/2010/7/Add.1, decision 1/CP.16, sect. II.

[8] See FCCC/CP/2013/10/Add.1, decision 2/CP.19.

55. Member States will adopt the post-2015 development agenda entitled "Transforming our world: the 2030 Agenda for Sustainable Development" encompassing the new, visionary framework for eradicating poverty and ensuring sustainable development which promises to leave no one behind. The agenda must prioritize inclusive sustainable development strategies designed to benefit the most vulnerable people and countries. To deliver on this ambition, humanitarian action and development action need to be better aligned and coordinated. Chronic and protracted crises and disasters should be addressed with a longer-term perspective, one that builds on the contribution and comparative advantages of both communities.

56. Humanitarian and development programming and financing in the post-2015 era must be designed with the aim of progressively reducing vulnerability and the risk of shocks and development setbacks over multi-year planning cycles, reflecting recognition of the fact that achieving sustainable development will be impossible without ensuring that nations and communities are resilient to shocks. There is a need for a greater focus on strengthening national and local capacity to anticipate, manage, respond to and recover from disasters, crises and other shocks and on improving coordination of response and prevention work with sustainable development.

57. Implementing and achieving the 2030 agenda for sustainable development will require a shift in strategic plans, programming and financing. All actors must work together to support the effort to put vulnerable people on a sustainable path, including a reduction of humanitarian needs. For this to happen, all stakeholders will need to overcome political, institutional and structural impediments to their working better together and reposition themselves, with risk management and the needs and aspirations of the most vulnerable at the core of their action.

58. For the international community, the ability to reach some of the targets under the 2030 agenda for sustainable development and ensure the fulfilment of its central promise to leave no one behind will require an increased focus on the most vulnerable people within fragile States, protracted crises and disaster-prone countries. While humanitarian assistance plays an important role in saving lives, it has limited ability to move beyond that role. If Governments and development partners do not step in, then many of the most vulnerable people will be trapped in a situation where they are provided with annual handouts to ensure basic survival, while often also remaining in a situation of protracted displacement. Development action needs to provide longer-term assistance to the most vulnerable in order to help build their resilience and allow them to benefit from and contribute to sustainable development.

59. The shaping of financial flows in ways that reduce risk and build resilience instead of creating new risk will constitute a vital figure in the landscape of financing for the achievement of sustainable development. The Addis Ababa Action Agenda articulates a strong message, namely, that current policy, financing and investment patterns do not adequately consider the shocks and risks characteristic of our interconnected world. This message needs to incorporated in the whole post-2015 agenda and its implementation. The commitment involved requires dedicated coherent financing for risk management and resilience of all kinds, including risk-informed sustainable development and sustainable national capacity.

60. An ambitious global climate agreement, to be agreed by Member States at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Paris from 30 November to 11 December 2015, will be vital to addressing the humanitarian implications of climate change. Climate change poses a major threat, already affecting millions of people every year. It will exacerbate the vulnerability of the poorest and place the humanitarian system and Governments under significant pressure to cope with growing needs. The new agreement should target adaptation measures towards the most vulnerable countries and communities and provide adequate adaptation funding, which is additional to existing humanitarian and development financing, to urgently strengthen resilience and disaster risk management as critical components of adaptation and the better integration of climate risks into humanitarian and development action.

61. The New Urban Agenda, to emerge from the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), should include recommendations on how to build urban resilience through risk-informed urban development and better alignment of humanitarian and development programming and financing. Action in urban areas needs to recognize the complexity of cities, with improved urban expertise and capacities within organizations, while building on the capabilities, opportunities and potential new partnerships present in urban settings.

62. These agendas offer an opportunity to align and coherently address priorities shared by the humanitarian and development communities. The Sendai Framework and its implementation will help strengthen the critical link between disasters and risk of displacement, especially preparedness for effective response to disasters and related displacement. The new climate change agreement can help advance efforts to ensure adequate protection of those displaced across borders in the context of disasters and the effects of climate change, and to address related gaps in legal frameworks. The New Urban Agenda will also present an opportunity to enhance response to urban displacement.

63. The World Humanitarian Summit, along with these global frameworks, must lead to transformative impacts on the lives of the most vulnerable and marginalized people living in protracted crises, and disaster-prone and fragile countries, which will serve as a measure of their success. The Summit provides a significant opportunity to strengthen and reinvigorate support and action for humanitarianism, including by reinforcing normative frameworks, and galvanizing further action to manage risks more effectively in a principled manner so as to save lives, prevent and alleviate suffering and uphold human dignity in the face of humanitarian crises.

VII. Recommendations

64. On the basis of the above discussions, the Secretary-General makes the following recommendations:

(a) Member States, the United Nations, humanitarian and development organizations and all relevant stakeholders should adapt to and address, as an integral element of sustainable development, the changing scope, scale and complexity of humanitarian crises, including disasters, and their adverse impact on

sustainable development, in line with the post-2015 development agenda and the Sendai Framework for Disaster Risk Reduction;

(b) Member States and the United Nations should focus humanitarian, recovery and development programming and financing so as to progressively reduce vulnerability and manage the risk of disasters and development setbacks over multi-year planning cycles, including through integrating risk management into national sustainable development plans and ensuring the connectivity of humanitarian plans with longer-term sustainable development priorities;

(c) Member States, the United Nations and humanitarian and development organizations should strengthen data collection and data sharing, including through a common framework, so that they can inform policy and measures designed to address disaster risks and their consequences and monitor the situation of vulnerable people, including displaced persons;

(d) Member States and the United Nations should enhance the use of common risk analysis, including the use of the Index for Risk Management (INFORM), to establish the evidence base for short-, medium- and long-term planning and joint strategies for disaster and climate risk management, capacity development and resilience-building, allowing for greater prioritization of resources where the risk is greatest;

(e) Humanitarian and development organizations should systematically replicate best practices in resilience and risk management, and continue to scale up tools and support for assessing and addressing capacity gaps in disaster risk management, including response and recovery, in countries at risk of disasters and among vulnerable people and civil society, including through longer-term, predictable institutional funding;

(f) Member States should adopt and implement national laws and regulations to reduce the impact of the underlying drivers of disaster risk and vulnerability, and also adopt comprehensive rules and procedures for the facilitation and regulation of international disaster assistance, drawing, as appropriate, on the Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance, and calling on the International Red Cross and Red Crescent Movement, relevant United Nations organizations and other partners for technical support in achieving these aims;

(g) The United Nations, Member States and humanitarian and development organizations should further investigate how to facilitate interoperability among key actors in disaster settings. In this regard, Member States, the United Nations and humanitarian organizations should invest in strengthening local and national disaster response capacities and leadership in order to complement national capacities to respond to and recover from disasters, especially in locations of high disaster risk and recurring disasters, including by identifying comparative advantages and capacities at the regional and global levels that can help fill gaps in national capacity and delivery of humanitarian assistance;

(h) Member States and regional organizations should work together to strengthen regional cooperation towards strengthening national and regional capacity to better understand risks and prepare for and respond to disasters in support of national efforts, including through enhancing interoperability at the

regional level and by exchanging experiences in using different models in other regions;

(i) Member States, supported by the United Nations, should develop national laws and policies on internal displacement which address disaster-induced displacement, detail responsibilities and measures to minimize the impact of disasters, protect and assist internally displaced persons following disasters, and ensure durable solutions. In this respect, Member States should adopt standards in line with the Guiding Principles on Internal Displacement, the IASC Framework on Durable Solutions for Internally Displaced Persons and the Basic Principles and Guidelines on Development-based Evictions and Displacement;

(j) Member States, the United Nations and humanitarian and development organizations should integrate building of resilience and human mobility into relevant strategies, plans and legal frameworks, in particular regarding disaster risk management and climate change adaptation, as integral elements of sustainable development at the national and regional levels so as to help prevent and mitigate displacement in the context of disasters and the effects of climate change, including in urban settings where displaced persons have particular needs, requirements and vulnerabilities;

(k) Member States, humanitarian and development organizations and other stakeholders should integrate and implement a holistic disaster risk management approach at all levels in line with the Sendai Framework for Disaster Risk Reduction, including strengthened capacity of local actors, and better coherence of financing for humanitarian, recovery and development action;

(l) Member States should coordinate with the Office for the Coordination of Humanitarian Affairs early on in a disaster response so as to ensure predictable, coherent and needs-based deployment of foreign military assets and personnel supporting humanitarian assistance, in adherence to the principles of the Guidelines on the Use of Foreign Military and Civil Defence Assets in Disaster Relief;

(m) Member States, the United Nations and humanitarian and development organizations should ensure a comprehensive, coherent, systematic and people-centred approach to managing risks, including through the new global frameworks for disaster risk reduction, sustainable development and climate change and the New Urban Agenda, and through the outcome of the World Humanitarian Summit;

(n) Member States should achieve an ambitious global climate agreement with a long-term vision so as to take urgent, effective and comprehensive action towards reducing global greenhouse gas emissions, limiting global temperature rise to less than 2 degrees Celsius from pre-industrial levels, and strengthening resilience, particularly among those most vulnerable to the adverse impact of climate change.